



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903

(401) 274-4400

TDD (401) 453-0410

*Patrick C. Lynch, Attorney General*

September 15, 2004

*Via Electronic Transmission*

Luly Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

**Re: Narragansett Electric Company: Comprehensive Rate Distribution  
Settlement – Docket No. 3617**

Dear Ms. Massaro:

The Department of Attorney General submits this letter in support of the Distribution Rate Plan Stipulation and Settlement ("Settlement") filed June 29, 2004, in this proceeding, as well as of the proposed Settlement amendments described by Narragansett's witnesses in testimony to be filed today. The Attorney General is a party to the Settlement. Pursuant to the procedural schedule in this case, the settling parties will be working to submit an amended Settlement document by September 17.

The Settlement in this case, both as initially filed and as proposed to be amended, provides substantial benefits for customers of Narragansett Electric and for the citizens of Rhode Island, and should be promptly approved by the Commission. First, the Settlement provides for an immediate \$10.243 million distribution rate reduction from current rates. These lower rates would then be frozen for five years. Next, the Settlement resolves several contested cases in a way that assures the amount of accumulated shared earnings from the settlement in Docket 2930 remains high, and is not reduced by costs the company may claim to have incurred during the initial rate freeze period (e.g., uplift or VERO costs).

The Settlement also continues the same basic earnings sharing approach that led to the accumulation of the estimated \$22 million customer credit under the first settlement in Docket 2930. The Settlement is also consistent with, and facilitates the implementation of R.I.G.L. § 42-98-1.1 -- the capital city underground utility initiative.

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Finally, the Settlement preserves many other beneficial aspects of the settlement in Docket 2930, such as continued commitment to environmental remediation funding, funding of the storm contingency fund, etc.

Accordingly, for the reasons above, the Department of Attorney General respectfully requests that the Commission approve the Settlement.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul J. Roberti". The signature is fluid and cursive, with a large initial "P" and "R".

Paul J. Roberti  
Assistant Attorney General  
Chief, Regulatory Unit

cc: Service List